BOCKEN TRADING

LLC

June 2023 Monthly Commentary

June was a volatile month with condition ratings the worst in recent history. Corn rallied over a dollar and beans well over two dollars in the first half of June on ongoing warm/dry weather and deteriorating crop conditions. Then weather forecasts turned, and corn lost all of its gains and more with larger than expected area adding to the pressure at the end of the month. Corn finished the month down 26 cents. Beans came back on a bullish acreage shocker and finished the month almost $2.00/bu higher. Meal finished the month with $25/ton gains while oil was the strongest product – up 1538 points. Oil strength was nearly relentless on strong biofuel demand despite bearish revised mandates from the EPA. Wheat was caught between corn and beans and managed monthly gains with Chgo up 43 cents, KC up 15, and Mpls gaining 35 cents.

Corn is in a full-on weather market. Nationwide condition ratings as well as many of the major growing states are worse than the 2012 drought year. Soil moisture improvement has helped many areas but IL in particular is still struggling. But the corn balance has a bigger buffer as the June acreage report showed corn acres two million higher than the March survey. If yield ideas increase on top of the higher area, the 23/24 corn balance could be pretty comfortable. Even if the USDA lowers yield next week to 175 bu/a (from 181.5 in June), ending stocks would still build to an adequate 2100 milbus. Futures have consolidated around 500 CZ and direction going forward should depend on weather and how much ratings improve in July.

Beans also rallied on poor crop ratings and then gave back about half of the gains as weather turned more favorable before a bullish acreage report sent beans to new highs. The USDA cut bean acres by 4.0 mil from the March report, essentially giving the balance sheet no room for any yield issues. There is a lot of time left for bean conditions to improve, but currently beans are small (compared to what they should be at this time) and with little room for error, downside should be limited until there is better confidence in an above trend yield.

Wheat bounced in June as funds covered shorts in Chgo with Paris futures rallying on the need for better rain in parts of the EU and Black Sea region. Hard wheats narrowed somewhat to softs after steep widening in May. There is still a hard wheat tightness issue however, which could be getting worse with both the N Plains and Can Prairies spring wheat areas in need of better moisture. In addition, the HRW harvest has been wet leaving quality questions on top of an already small HRW crop. Futures should follow corn to some extent, but the US and major exporter balances are very tight and there is potential for an explosive hard wheat situation.

Regards,

Megan Bocken

Megan Bocken
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9047 Poplar Avenue, Suite 101 • Germantown, Tennessee • 38138

newaccounts@bockentrading.com • *phone:* 901.766.4446 • bockentrading.com